

*Personal*OLL 83-2073/9
3 November 1983

MEMORANDUM FOR: Deputy Director of Personnel for
Special Programs

SUBJECT: Resolution of Potential Dual Retirement
Coverage for New Employees Hired
1 January 1984 or Later

REFERENCE: MFR OLL 83-2073/5 dated 21 September 1983,
Subject: Federal Employees Retirement
Contribution Temporary Adjustment Act of
1983

SUMMARY: Senator Ted Stevens (R., AK), Chairman of the Civil Service, Post Office, and General Services Subcommittee of the Senate Committee on Governmental Affairs, has negotiated a compromise on the subject issue. Senator Stevens' Bill will provide that:

--federal employees initially hired in January 1984 or later will temporarily be relieved of the full contribution amount to federal retirement program (in the case of CIA, the Civil Service Retirement System);

--in lieu, they will contribute only 1.3% to the retirement system, in addition to full Social Security and meditaax contributions (the result being an 8.0% retirement/meditaax cost for new employees vice an 8.3% retirement/meditaax cost for employees hired prior to January 1984).

In sum, employees hired in January 1984 or later will be afforded full Civil Service Retirement System coverage at a cost of 1.3% of their base pay, in addition to Social Security and meditaax coverage at costs of 5.4% and 1.3% of base pay, respectively. The compromise provides for nearly identical retirement costs for both categories of federal employees.

2. Additional provisions of the Stevens' Bill are covered in the attached sectional analysis. Also attached is the draft bill as it will be introduced. Senator Stevens' legislative strategy is to introduce his Bill as an amendment to the Physicians Pay Comparability Act (H.R. 2077), as passed by the House, rather than introduce a stand-alone

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bill. The House Post Office and Civil Service Committee, which will have House jurisdiction in conference, is supportive of the Stevens' Bill and will support the action when H.R. 2077 is passed by the Senate and referred to conference.

3. This office will report further on this subject as appropriate. My sense of the issue, however, is that the Agency no longer faces the likelihood of dual retirement withholdings for new January 1984 employees. One way or another, I believe, Senator Stevens--now with Office of Management and Budget's tacit support, will find a strategy (this one or another) that will result in legislative resolution of the current problem.



Attachments
As stated

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